

Disclosure Issue

Severance Pay

The Montana Historical Society Board of Trustees entered into a severance agreement with one Society employee and retention pay agreements with two Lewis & Clark Bicentennial Commission (Commission) employees during fiscal years 2004-05 and 2005-06. The payments for the Society employee were made during fiscal year 2005-06, while the payments for the Commission employees will be made during fiscal year 2006-07.

The severance agreement for the Society employee included placing the employee on administrative leave until the employee obtained another full-time position or June 30, 2006, whichever occurred first. The employee received the normal salary and benefits, including health insurance coverage, and vacation and sick leave. The employee did not obtain another full-time position, and therefore, received payment of salary and benefits until June 30, 2006. The employee received payments for eight months at a cost of approximately \$75,000.

By law, the Commission will terminate December 31, 2006. The Society signed retention pay agreements with two Commission employees to encourage them to remain with the Commission until their work is complete. Per these agreements, the Commission guaranteed one employee \$15,000 and another employee \$20,000 if they completed their assignments.

State statute does not authorize or prohibit these agreements. Since the legislature's intent regarding this issue is unclear, we present this as a disclosure issue and make no recommendation at this time.

1st Time
Leg. Auditor
EVER SAW
ANYTHING
OF THIS Magnitude